

ABSTRACT

Libya's popular revolution of 2011 has unleashed the potential for more diverse and inclusive growth. In the short term, the country faces the complex and costly tasks of rebuilding its economy, infrastructure, and institutions, and responding to the demands of its population, especially for improved governance. The conflict that accompanied the revolution had a severe impact on the economy, which is heavily dependent on hydrocarbons, but the contraction is expected to be temporary. Libya's wealth opens a choice of paths for the future: it can fall into the trap of many resource-rich countries that have become overly reliant on revenues from finite natural resources and failed to diversify their economies, or it can pursue a course of sustainable, inclusive development led by increased private-sector activity.

The National Transitional Council (NTC) has taken steps to promote a peaceful political transition, to normalize economic conditions, and to set out a national reform agenda. In the short term, the authorities must restore security, bring hydrocarbon production fully online, exercise fiscal discipline, resuscitate the banking system, and maintain macroeconomic stability. But Libya also faces the formidable challenges of responding to the underlying causes of the revolution and building a democratic regime in the midst of heightened regional risks and global uncertainties.

Therefore, medium-term efforts should focus on capacity building, infrastructure renewal, private-sector development, improving education, job creation, and putting in place an effective social safety net, within a framework of transparent and accountable governance.

Keywords: democracy, transition, NTC, Libya.